No. 01-1791

Supreme Court, U.S.
FILED
JUL 30 2002
OFFICE OF THE CLERK

IN THE
Supreme Court of the United States

FATA ALUMINIUM, INC. AND FATA GROUP, S.P.A.,
Petitioners,
v.
VULCAN ENGINEERING CO., INC.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY BRIEF FOR THE PETITIONERS

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REPLY BRIEF FOR THE PETITIONERS

Vulcan bases its effort to evade this Court's review principally on the erroneous ground that FATA did not raise the question presented in the courts below. That contention, however, is belied by the record and the addendum to Vulcan's own brief in opposition. Ultimately, Vulcan does not dispute that the question presented raises a fundamental question of patent law. Its assertion that the decision of the Federal Circuit is consistent with this Court's decisions in *Graham v. John Deere Co.*, 383 U.S. 1 (1966), and its progeny does not bear up to scrutiny.

1. The Question That FATA Presented Is Properly Before the Court

FATA's question presented is:

> Whether the Federal Circuit's addition of further, nonstatutory requirements that trump the *Graham* primary considerations improperly supersedes this Court's legal test of obviousness under 35 U.S.C. § 103.

Vulcan argues that this question is not properly before the Court. Vulcan does not – and cannot – deny that at every stage of this case FATA raised the issue of obviousness and consistently challenged the validity of Vulcan's patent on obviousness grounds. Further, FATA maintained at every stage that it had established a *prima facie* case of obviousness under the primary considerations set out in *Graham*. *See* Pet. 14-15.

Obviousness is a question of law based on underlying factual findings. *Graham*, 383 U.S. at 17. The question FATA presents turns on the proper *legal* standard for obviousness. Challenging Vulcan's patent as *obvious* inherently raises the issue of the legal test for that claim of obviousness.

Under *Graham* and its progeny, the courts below should have ruled in FATA's favor when FATA

established a *prima facie* case of the *Graham* primary considerations. This Court has made clear that, when a *prima facie* case is made out under the *Graham* primary considerations, lower courts need not and should not address secondary considerations such as commercial success, nor may they supersede this Court's analytic scheme by injecting any further requirements for establishing obviousness. Pet. 9-14.

Contrary to Vulcan's erroneous assertion (Br. in Opp. 7-8), FATA was not obliged to engage below in a futile challenge to the Federal Circuit's aberrant test for obviousness. As the petition explains (Pet. 16-21), the Federal Circuit's distortion of this Court's obviousness test has by now become so well-settled in that circuit that the panel below treated FATA's obviousness challenge with the back of its hand, barely deigning to engage in any analysis and not explaining in any depth why it rejected FATA's contention that Vulcan's patent was obvious and therefore invalid.[1] FATA did present its arguments below, based on this Court's legal theory of obviousness. It needed to do no more to preserve the issue for this Court's review. When the Federal Circuit disregarded the argument and continued to apply its own erroneous theories of obviousness, FATA was entitled to seek redress in this Court by way of a certiorari petition.

2. FATA's Question Does Not Challenge the District Court's Fact Findings

Vulcan argues that the Court should deny the petition because the decisions below turn on fact findings that are not clearly erroneous. That contention, however, misconceives FATA's argument. FATA does not challenge the district court's fact findings, which are

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[1] *See* Robert Desmond, *Nothing Seems "Obvious" to the Court of Appeals for the Federal Circuit: The Federal Circuit, Unchecked by the Supreme Court, Transforms the Standard of Obviousness Under the Patent Law*, 26 Loy. L.A. L. Rev. 455, 476 (1993).

not inconsistent with FATA's *prima facie* case. FATA's position is that the judgment is erroneous *as a matter of law*, because the district court used an incorrect legal standard to determine whether the undisputed facts established obviousness of Vulcan's patent, and the Federal Circuit perpetuated, instead of corrected, that error.

3. The Federal Circuit's Interpretation of § 103 Rejects the Teaching of This Court

Vulcan's defense of the Federal Circuit's legal standard for obviousness is devoid of merit. As the petition demonstrates (Pet. 16-24), the obviousness standard that the Federal Circuit uses, and followed in this case, conflicts with the standard that this Court prescribed in its § 103 decisions and that the regional circuits followed before the creation of the Federal Circuit. Vulcan claims to find support for its position in *United States v. Adams*, 383 U.S. 39 (1966), but its claim miscasts the holding of *Adams* and incorrectly asserts that petitioners "conveniently ignored" that case. *Compare* Br. in Opp. 10 *with* Pet. 13, 27.

In *Adams*, neither prior art reference on which the Government sought to rely disclosed an essential feature of the patent – water activation of a magnesium electrode – which was counter-intuitive and thus unobvious. As the Court pointed out: "There are several basic errors in the Government's position. First, the fact that the Adams battery is water-activated sets his device apart from the prior art." 383 U.S. at 48.

Vulcan further mischaracterizes the *Adams* opinion (Br. in Opp. 10) by contending that *Adams* supports the Federal Circuit's doctrine that references cannot be relied upon in combination unless some item in the prior art specifically teaches, suggests, or motivates the combination to arrive at the patented device. The passages using the word "taught" or "suggest" that Vulcan selectively quotes from *Adams*, when read in context, state merely that the Govern-

ment was incorrect in claiming that the Wood patent taught Adams' claimed use of a magnesium electrode or that the Codd treatise did the same thing. 383 U.S. at 46-47, 51-52. None of the passages in *Adams* calls for finding a reference in the prior art that teaches or suggests combining the prior art references that make the patent obvious.

Vulcan's citation of *Goodyear Tire & Rubber Co. v. Ray-O-Vac Co.*, 321 U.S. 275 (1944) (not a § 103 decision), and *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809 (1986) (per curiam) (vacating the Federal Circuit's judgment solely because that court failed to obey Federal Rule of Civil Procedure 52(a)'s "clearly erroneous" standard), is also wide of the mark because neither decision remotely supports Vulcan's contentions.[2]

Vulcan claims (Br. in Opp. 12) that the Federal Circuit has merely "refined" the formulation of the legal test for obviousness, and maintains that this Court should not review such creative legal alchemy, leaving it to the superior "special expertise" of the Federal Circuit. But, as the petition establishes (Pet. 29 n.30), this Court has been forced frequently in recent Terms to correct erroneous Federal Circuit patent law decisions. Vulcan has no answer to FATA's submission that the Federal Circuit has attempted to overturn not only *Graham* itself, but also *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57 (1969), and *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976). Those decisions expressly reject reliance on

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[2] Vulcan also miscites a dozen or more court of appeals decisions that speak of what prior art references teach or suggest. Br. in Opp. 11 n.4. These decisions do *not* require that a third prior art reference be found to teach, suggest, or motivate combining two prior art references whose elements add up to the elements of the patent. Vulcan confuses teaching a technology, which the cited decisions require, with teaching that one ought to combine the technology teachings of two or more references, which the Federal Circuit additionally requires.

commercial success to salvage a patent that cannot pass muster under the *Graham* primary considerations. *See* Pet. 12-14, 18-20. Vulcan neither discusses nor cites those precedents. Moreover, those decisions hold that, when the patent – as Vulcan's patent did – merely combines the old elements of prior art devices and uses them to perform the same function as the prior art devices did, there is no invention for purposes of the patent law. Those decisions do not demand a snipe hunt for another reference in the prior art that will specifically teach, suggest, or motivate combining the teachings of the main references – as the Federal Circuit does, and did here. *See* Pet. 16-18.

4. The Federal Circuit Superseded This Court's Legal Test With a Different Test

Vulcan denies (Br. in Opp. 12) that the Federal Circuit held below that commercial success "trumped" FATA's *prima facie* case of obviousness under the *Graham* primary considerations. It asserts that the Federal Circuit "in no way intimated" that secondary considerations trumped the primary considerations. Regardless of whether the lower court explicitly used the word "trump," no one could read the decision below and not conclude that the court considered (as it has expressly held in other cases[3]) that commercial success can be used to overcome a *prima facie* case under the *Graham* primary considerations.

The Federal Circuit discusses secondary considerations and ends its brief discussion with a citation to,

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[3] *Tec Air, Inc. v. Denso Mfg. Michigan, Inc.*, 192 F.3d 1353, 1360 (Fed. Cir. 1999); *WMS Gaming, Inc. v. International Game Tech.*, 184 F.3d 1339, 1359 (Fed. Cir. 1999) (evidence on secondary considerations can "rebut a prima facie case of obviousness based on prior art references"); *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573, 1579-80 (Fed. Cir. 1997) (holding that commercial success combined with lack of teaching or suggestion to combine references "requires a holding of nonobviousness").

and quotation from, its earlier decision in *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538 (Fed. Cir. 1983): "'[E]vidence of secondary considerations may often be the most probative and cogent evidence in the record.'" Pet. App. 6a. By saying that secondary considerations may often be the very best evidence to defeat a claim of obviousness, the lower court is effectively allowing secondary considerations to "trump" the primary considerations that this Court established. *See* Pet. 18-19 & nn.15-17. Despite the few sentences actually devoted to this important issue, the court plainly regarded that statement as material to its decision.

Again, although the Federal Circuit did not use the word "trump" to describe the relationship between the Federal Circuit's requirement of a further reference in the prior art to teach, suggest, or motivate combining the main references, on the one hand, and the *Graham* primary considerations, on the other, the Federal Circuit clearly held below that the lack of such an additional reference trumps the primary considerations. The Federal Circuit approved the district court finding that there was no teaching in the prior art to combine the references on which FATA relied. *See* Pet. App. 5a, 7a. The court then stated:

> *See Karsten Mfg. Corp. v. Cleveland Golf Co.*, 242 F.3d 1376, 1385, 58 USPQ2d 1286, 1293 (Fed. Cir.2001) ("In holding an invention obvious in view of a combination of references, there *must* be some suggestion, motivation, or teaching in the prior art that would have led a person of ordinary skill in the art to select the references and combine them in the way that would produce the claimed invention."); *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1352, 48 USPQ2d 1225, 1232 (Fed.Cir.1998) (a showing of a suggestion, teaching, or motivation to combine the prior art references is an "*essential* evidentiary component of an obviousness holding").

Id. at 5a (emphases added). The clear meaning of that passage – that an accused infringer such as FATA *must* produce a suggestion in the prior art to combine and that doing so is an *essential* component of an obviousness holding – is that the party in FATA's position loses the case unless it produces the required suggestion in the prior art.[4] But that is flatly contrary to *Graham*, *Black Rock*, and *Ag Pro*, each of which held the patents at issue obvious without any showing of such a suggestion.

* * * * *

Vulcan seeks to hide behind the Federal Circuit's steady consolidation of a legal standard for obviousness that egregiously departs from this Court's test in *Graham* and from decisions of the regional courts of appeals issued prior to the formation of the Federal Circuit. As FATA's petition explains, the time is ripe, and this case presents an ideal vehicle, for reexamining the Federal Circuit's approach, because the evidence of the *Graham* primary considerations of obviousness is so clear. This Court should not permit the Federal Circuit – with its exclusive jurisdiction to hear patent appeals – to evade scrutiny of an erroneous legal test that must be applied by the Patent Office and the courts in virtually all patent cases.

CONCLUSION

For the reasons stated herein and in the petition, the petition for a writ of certiorari should be granted.

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[4] The Federal Circuit has expressly so held in other cases, and those decisions are binding precedent in that circuit. *See* Pet. 18 n.16, 23 n.22.

Respectfully submitted,

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